

Minutes of the Regular Work Session of the  
Board of Mayor and Aldermen, City of Kingsport, Tennessee  
Monday, March 19, 2012, 4:30 PM  
Council Room – City Hall

PRESENT: Board of Mayor and Aldermen

Mayor Dennis Phillips

Alderman John Clark

Alderman Valerie Joh

Alderman Mike McIntire

Vice-Mayor Tom C. Parham

Alderman Tom Segelhorst

Alderman Jantry Shupe

City Administration

John G. Campbell, City Manager

J. Michael Billingsley, City Attorney

James H. Demming, City Recorder

1. **CALL TO ORDER:** 4:35 p.m. by Mayor Phillips.
2. **ROLL CALL:** By Deputy City Recorder Angie Marshall.
3. **WORK SESSION TICKLER.** Mayor Phillips commented the Board of Education and the Chamber of Commerce would be relocating to the new building over the next two weeks, noting the landscaping was looking good. Chief Dye informed the Mayor that firefighters will be at the new station in May. The Mayor also asked about the status of the Wayfinding project. Public Works Director Ryan McReynolds stated some adjustments would be forthcoming due to the new Aquatic Center and other relocations. Assistant to the City Manager Chris McCartt confirmed this is the end of Phase 2 with no more phases for the city pending. Phase 3 will be performed by TDOT (Tennessee Department of Transportation).
4. **EVALUATION OF LONG TERM RETIREMENT OPTION.** City Recorder Demming stated that the City has opted to withdraw from TCRS (Tennessee Consolidated Retirement Service) unless the Board decides to rescind that decision. He then introduced Mr. Mark Morgan from Sherrill Morgan who gave the Board details on the retirement options that are being offered by the State of Tennessee. Mr. Morgan noted his role is to evaluate and assist with any decision making, stating there were four options available to the City. The first two options were purely a defined benefit, noting option one was similar to what is in place now through TCRS and option two extended the number of years to allow an employee to be eligible and the benefit would be a little less, allowing the city to save some money. Option two also had the capability to freeze, suspend or modify the benefit. Option three was considered a hybrid solution, allowing for a combination of defined benefit and defined contribution. Option four was purely defined contribution and was the only option that would allow a city to completely opt out of any administration by the state. Mr. Morgan stated this option could be handled in various ways, such as a 401K or 401A.

Mayor Phillips commented the Board was looking for a package that gives annual flexibility, asking Mr. Morgan to cite the pros and cons of option four. City Manager Campbell pointed out if option four was chosen, he would recommend a base benefit of five percent with the employee also putting in five percent to stay competitive with TCRS benefits in place now.

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There was considerable discussion on this item. Mr. Morgan noted the IRS had guidelines on establishing vesting requirements. Alderman Segelhorst pointed out that an employee with 30 years of service would not be able to withdraw from a 401K if they were not at least 55 years old. Mayor Phillips asked Alderman McIntire and Alderman Segelhorst to meet with the City Manager to discuss these issues and make a recommendation to the Board by the second meeting in April.

**5. DISCUSSION OF PUBLIC SAFETY BRIDGE APPROACH.** City Manager Campbell stated the need for two resolutions to address this issue. He then asked City Attorney Billingsley to provide further details on these resolutions, noting they were items VI.D.7 and VI.D.8 on the regular business meeting agenda. Mr. Billingsley stated the first resolution that would establish a mandatory retirement age in addition to approving the bridge benefit. He further explained the money received from this benefit is basically equivalent to the amount of social security that can be drawn when the employee is of age to do so. There was some discussion on the age requirement and Mr. Billingsley confirmed these guidelines are defined by statute. Mr. Billingsley also pointed out that if enacted, this benefit is irreversible and also, it cannot be adopted once the city has left TCRS. Mr. Campbell noted that future employees would not be covered under this benefit. Mr. Billingsley stated the second resolution outlined the Board's intent for the bridge benefit to be paid for out of the future raised for police and fire employees. Alderman McIntire voiced several concerns, noting he did not see how the city could avoid some up-front costs when the older employees would not be putting in as much money as they would soon be drawing out upon retirement. Mr. Campbell stated the money could be rolled over each year. Alderman Shupe commented it could be just as expensive to have older, less productive employees making top-out pay than younger ones making a lower salary. Mr. Billingsley also pointed out the percentage taken from the employees' raises would have a cumulative effect over the years and the city manager would be required to maintain the differentials and report to the Board on a regular basis. Alderman Clark suggested an analysis specific to Kingsport to validate the estimated cost. There was considerable discussion on this item.

Firefighter Darrell Hayes commented in favor of the bridge benefit and offered an explanation on some of the financial issues as this moves forward. Police Officer Dale Farmer noted that many of these employees will not leave as soon as they are eligible. The police and fire employees in the audience confirmed for the Mayor that they were in favor of this arrangement. Vice-Mayor Parham pointed out the need for the ability to make adjustments to credit the employees with a raise if the monetary benefit is being met and there is still more money going in. Alderman Segelhorst questioned the issue of this benefit being retroactive. City Manager Campbell explained that only four retired employees would fall into this category, noting the city would only pay them for the time they had left in the age window bracket. Mayor Phillips commented that no plan is perfect and reminded the Board the City would be responsible for any shortage.

**6. REVIEW OF AGENDA ITEMS ON THE MARCH 20, 2012 REGULAR BUSINESS MEETING AGENDA.** City Manager Campbell, members of staff and community members provided a summary or presentation for each item on the proposed agenda. Those items the Board discussed at greater length or which received specific questions or concerns included:

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**VI.AA.3 Public Hearing and Consideration of an Ordinance to Amend the Code of Ordinances, Division 9, Section 114-467 for the City of Kingsport** (AF: 66-2012). City Manager Campbell explained this would accommodate a signage issue for the Reedy Creek Winery. Mayor Phillips pointed out that if this resolution doesn't pass, then they won't be able to have a sign. He also noted that all parties were in agreement.

**VI.AA.6 Public Hearing and Consideration of Ordinances to Annex/Amend Zoning of the Eastern Star Part 2 Annexation and Consideration of a Resolution Adopting the Plan of Services** (AF: 60-2012). City Manager Campbell stated it was essential for this to be completed in April in regards to the Border Regions project.

**VI.D.2 Consideration of a Resolution Authorizing the Mayor to Execute an Agreement between the City of Kingsport and the Lynn Garden Optimist Club** (AF: 75-2012). Assistant to the City Manager Chris McCartt commented that this was a continuing agreement. Mr. McCartt further stated the lights should be installed sometime this fall.

**VI.D.3 Consideration of a Resolution Authorizing the Mayor to Sign All Documents Necessary to Apply for and Receive a Grant from the Tennessee Department of Environment and Conservation's Clean Tennessee Energy Grant Program** (AF: 79-2012). City Manager Campbell gave details on this item, noting the deal for these replacement vehicles were buy one and get one at no cost. Fleet Manager Steve Hightower discussed the benefits of alternate fuels.

**VI.D.4 Consideration of a Resolution Designating the Unnamed Orebank Road Bridge Over Reedy Creek as the Lance Corporal William F. Dykes Memorial Bridge** (AF: 81-2012). Mr. Sam Jones provided details on this item, noting the goal was to have a bridge named everyone on the virtual memorial wall. He further stated Lance Corporal William F. Dykes did have a family connection to this bridge. The dedication ceremony will be held on April 28<sup>th</sup> at 2:00 p.m.

**VI.D.5 Consideration of a Resolution Awarding the Bid for the Purchase of One (1) Compact Vacuum Street Sweeper to Carolina Industrial Equipment, Inc.** (AF: 82-2012). City Manager Campbell gave information on this item, noting that there was only one bid. He stated the competitor was contacted and informed the city they could not meet the needs required. Mr. Campbell also noted this vehicle had few hours and a full warranty.

**VI.D.6 Consideration of a Resolution Awarding the Bid for the Alterations to the Former City Schools Central Office Space to Armstrong Construction Company, Inc. and Authorizing the Mayor to Sign All Applicable Documents** (AF: 83-2012). Kingsport City Schools Finance Director David Frye discussed the details of this conversion of space, noting that seven classrooms will be added for use by the foreign language department. He further stated there would be no issues or concerns for using the Qualified School Construction Bonds.

**VI.D.7 Consideration of a Resolution Establishing a Mandatory Retirement Age for Certain Fire and Police Personnel and Approving the Supplemental Bridge Benefit for Those Employees** (AF: 84-2012). See Item 5.

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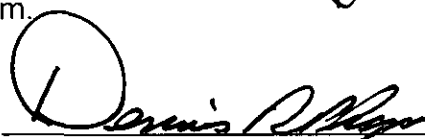
**VI.D.8 Consideration of a Resolution Expressing the Intent for the Board to Pay for the Supplemental Bridge Retirement Benefit and the Guidelines for Implementation of Such Intent (AF: 86-2012). See Item 5.**

**BOARD COMMENT.** None.

**PUBLIC COMMENT.** None.

**7. ADJOURN.** Seeing no other matters presented for discussion at this work session, Mayor Phillips adjourned the meeting at 6:55 p.m.

  
ANGELA MARSHALL  
Deputy City Recorder

  
DENNIS R. PHILLIPS  
Mayor